



Irish Revenue releases updated guidance on country-by-country reporting

Global Transfer Pricing Alert 2016-033

The Irish Revenue on October 13 released updated guidance on country-by-country (CbC) reporting, including a step-by-step guide on notification requirements.

Background

Ireland has introduced CbC reporting legislation and regulations effective for accounting periods commencing on or after January 1, 2016.

Under the new provisions, an Irish-resident ultimate parent entity of a multinational group (broadly, one with annual consolidated revenue in excess of EUR 750 million in the immediately preceding accounting period) will be required to file a CbC report with Irish Revenue. The Irish legislative provisions provide for a secondary filing mechanism whereby a multinational group can designate an Irish-resident constituent entity of the group to act as a “surrogate parent” entity and file a CbC report with Irish Revenue on the group’s behalf. If it is not possible for the ultimate parent entity or a surrogate parent entity to file a CbC report, there is a requirement for a local country filing with Irish Revenue – known as an “equivalent CbC report.”

Updated Irish Revenue guidance

The updated guidance includes details on notification requirements for CbC reporting purposes. The guidance outlines which entities must notify Irish Revenue. Notification must be made via the Revenue Online Service (ROS), and Appendix III of the guide provides detailed, step-by-step instructions on notification. Notification is required on an

annual basis, with the first notification requirement due by December 31, 2016, for accounting periods ending on that date.

The following table outlines details of the notification requirements and CbC report filing for various classifications of constituent entities in Ireland.

Status of Irish resident constituent entity	Information required	Notification deadline to Irish Revenue	CbC report or local filing deadline with Irish Revenue
Ultimate parent of multinational group is an Irish entity	Notification that the company is the ultimate parent entity of a multinational group for the relevant reporting period	On or before the end of the relevant reporting period for the group (e.g., notification will be required to be made on or before December 31, 2016, for the December 31, 2016 financial year) via ROS	A CbC report is required to be filed with Irish Revenue within 12 months from the end of the accounting period (e.g., December 31, 2017, for the December 31, 2016 financial year). Report is shared with other tax authorities via information exchange protocols
Irish entity is appointed surrogate parent of multinational group	Notification that the company is an appointed surrogate parent entity of a multinational group for the relevant reporting period	On or before the end of the relevant reporting period for the group. (e.g., notification will be required to be made on or before December 31, 2016, for the December 31, 2016 financial year) via ROS	A CbC report is required to be filed with Irish Revenue within 12 months from the end of the accounting period (e.g., December 31, 2017, for the December 31, 2016 financial year). Report is shared with other tax authorities via information exchange protocols
Neither ultimate parent nor appointed surrogate parent but a local equivalent CbC report filing is required	Notification that the company is an Irish constituent entity of a multinational group and is a reporting entity for CbC reporting purposes	On or before the end of the relevant reporting period for the group (e.g., notification will be required to be made on or before December 31, 2016, for the December 31, 2016 financial year) via ROS.	An equivalent local report is required to be filed with Irish Revenue within 12 months from the end of the accounting period (e.g., December 31, 2017, for the December 31, 2016 financial year). It should be noted that an equivalent CbC report will not be exchanged with other tax authorities
None of the above (i.e., a foreign ultimate parent or surrogate parent is filing on behalf of the group in another jurisdiction)	The identity and jurisdiction of tax residence of the relevant reporting entity for the multinational group	On or before the end of the relevant reporting period for the group (e.g., notification will be required to be made on or before December 31, 2016, for the December 31, 2016 financial year) via ROS	CbC report gets shared with Irish Revenue automatically via information exchange protocols.

To the extent that there is more than one domestic Irish constituent entity for CbC reporting purposes, the group may nominate one Irish entity to make notification on behalf of all other Irish constituent entities on ROS. Irish Revenue also allows an Irish tax-resident ultimate parent or surrogate parent entity to provide notification on behalf of all Irish domestic constituent entities.

Other points to note from the guidance issued include:

- Guidance is included for scenarios whereby an ultimate parent entity of a group files a CbC report on a voluntary basis (for example, filing in the United States for periods commencing on or after January 1, 2016). Irish Revenue have confirmed, subject to satisfying a number of conditions, that Irish constituent entities will not be required to file an equivalent CbC report.
- When an equivalent CbC report is to be filed, Irish Revenue have stated that the Irish entity is best positioned to determine what information it can provide in the equivalent report.
- Regarding guidance on reporting for investment funds, Irish Revenue reiterate the guidance provided by the OECD in August 2016 that the content of the CbC report is dependent on the relevant accounting treatment applied.
- Confirmation by Irish Revenue that the data contained in a CbC report will not be used in isolation to make adjustments to a taxpayer's income.

Comments

The updated guidance provided by Irish Revenue is a timely reminder for affected companies that notification requirements for CbC reporting purposes is approaching for groups with a December 2016 year end. Companies also should be aware that other jurisdictions will have separate notification requirements in place, so it is important to consider those requirements as well.

With just over 12 months until the first filing of CbC reports at the end of 2017, companies should have a plan in place to readily collate CbC report data to compile the first reports. Companies also should undertake an analysis of (and fully understand) the CbC report output to consider how it may be interpreted by tax authorities. This analysis should be linked to a group's transfer pricing documentation strategy (master file and local file under Action 13 of the OECD BEPS project) so that the documentation provides support for the CbC report data filed and is sufficiently robust to withstand tax authority challenge.

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